

**BEFORE THE
PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
DOCKET NO. 2017-381-A**

In Re: The Impact of the Tax Cuts and Jobs Act)
on South Carolina Utilities)
)

**COMMENTS OF KIAWAH ISLAND UTILITY, INC.
ON REPORT REQUIRED BY ORDER NO. 2018-26**

1. Background

On December 22, 2017, President Donald Trump signed into law the Tax Cuts and Jobs Act (“Act”). On December 28, 2017, the Office of Regulatory Staff (“ORS”) filed a petition requesting the Public Service Commission of South Carolina (“Commission”) order utilities operating in South Carolina to report the impact of the Act. On January 10, 2018, the Commission granted ORS’ petition and set a deadline of two weeks for utilities to comment regarding the timing and format of the report. Kiawah Island Utility, Inc. (“KIU”) hereby submits its comments on the timing and format of the report required by Commission Order No. 2018-26 in Docket No. 2017-381-A.

2. Timing of Report

The information provided in the report should be both accurate and timely. Adequate time must be allowed for utilities to close their 2017 account books, develop positions regarding the Act, and prepare the report required by the Commission. For these reasons, KIU requests that the Commission set the deadline for filing the report no earlier than May 1, 2018.

3. Format of Report

KIU recommends that the Commission generally follow the methodology used by energy utilities in their quarterly earnings report filings (which includes known and measurable pro forma adjustments) as the basis for the report on impacts of the Act. Specifically, KIU recommends the report contain the following information:

- a. the utility's 2017 calendar year adjusted balance sheet and income statement;
- b. the impact of the Act on the utility's 2017 calendar year adjusted balance sheet and income statement;
- c. the revenue requirement impact of the decrease in corporate federal income tax;
- d. the revenue requirement impact of any changes to the utility's deferred tax asset or liability;
- e. the revenue requirement impact of any other tax effects resulting from the Act like, for instance, the taxability of contributions in aid of construction;
- f. a discussion of the impact of the Act's lower tax rate on the utility's revenue requirement, including, but not limited to, potential adjustments to revenue-related regulatory fee assessments, bad debts, or deferred tax credits;
- g. an explanation of the extent to which any offsetting increases in expenses and net investment should be recognized in conjunction with the Act, and the impact on the earned return on equity or operating margin.

4. Refunds

Any refund or credit that may be ordered as a result of the report should not cause the utility's return on equity or operating margin for the year to fall below the return on equity or operating margin most recently approved by the Commission. Also, the Commission should consider whether a refund is appropriate under the circumstances. For instance, if the administrative cost of providing the refund is greater than the amount of the actual refund, the utility should be exempted from making any potential refund. A refund should only be ordered after a utility is given an opportunity to be heard.

Wherefore, KIU respectfully submits these comments and requests that the Commission allow it and other regulated utilities to be heard on any proposed reporting requirements.

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